INDIGENOUS ENTREPRENEURSHIP AND TOURISM

DEVELOPMENT IN THE COOK ISLANDS AND FIJI

A Thesis Presented in Partial Fulfilment
of the Requirements for the Degree
of Doctor of Philosophy in
Business Studies
at Massey University

PAMELA TAKIORA INGRAM

1990
# Table of Contents

## Introduction: Tourism Issues and Indigenous Entrepreneurship

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Introduction</td>
<td>1</td>
</tr>
<tr>
<td>B. Government Support for Tourism</td>
<td>11</td>
</tr>
<tr>
<td>C. Objectives of the Study</td>
<td>12</td>
</tr>
<tr>
<td>D. Method of Analysis</td>
<td>13</td>
</tr>
<tr>
<td>E. Sources of Data</td>
<td>14</td>
</tr>
<tr>
<td>F. Definition of Concepts</td>
<td>16</td>
</tr>
</tbody>
</table>

## The Tourism Industry in the Pacific Islands Context

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. The Tourism Environment</td>
<td>24</td>
</tr>
<tr>
<td>B. Tourism Policies and National Structures</td>
<td>29</td>
</tr>
<tr>
<td>C. Regional and International Tourism Organisations</td>
<td>33</td>
</tr>
<tr>
<td>D. Tourist Accommodation Capacity</td>
<td>38</td>
</tr>
<tr>
<td>E. The South Pacific Air Transport System</td>
<td>38</td>
</tr>
<tr>
<td>F. Tourism Marketing and Promotion</td>
<td>48</td>
</tr>
<tr>
<td>G. Tourism Education and Training</td>
<td>49</td>
</tr>
<tr>
<td>H. Tourism Research and Statistics</td>
<td>54</td>
</tr>
</tbody>
</table>

## Review of Entrepreneurship Theory

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Traditional Pacific Islands Economies</td>
<td>56</td>
</tr>
<tr>
<td>B. Entrepreneurship - nature and scope</td>
<td>60</td>
</tr>
<tr>
<td>C. A Pacific Model of Entrepreneurship</td>
<td>63</td>
</tr>
<tr>
<td>D. Entrepreneurship in Tourism</td>
<td>75</td>
</tr>
<tr>
<td>E. Indigenous Entrepreneurship in the Pacific Islands</td>
<td>84</td>
</tr>
<tr>
<td>F. Profile of a Pacific Entrepreneur</td>
<td>90</td>
</tr>
<tr>
<td>G. Pacific Women Entrepreneurs</td>
<td>91</td>
</tr>
</tbody>
</table>
PART II

CHAPTER 4  THE COOK ISLANDS: HISTORICAL BACKGROUND AND TOURISM DEVELOPMENT

A Background 106
B Population, Labour Force and Employment 107
C History and Political development 110
D The Economy 114

CHAPTER 5  DEVELOPMENT OF THE COOK ISLANDS TOURISM INDUSTRY

A Tourism Development and the Role of Government 135
B Tourism Development Plans and Strategies 144
C Visitor Arrivals 147
D Air Service 153
E Accommodation Industry 156
F Tourism Employment 162
G Tourism Education and Training 164

CHAPTER 6  COOK ISLANDS ENTREPRENEURS

A Introduction 166
B Indigenous Entrepreneurs in the Tourism Sector 175
C Indigenous Entrepreneurs in the Handicraft Sector 177

CHAPTER 7  GOVERNMENTAL SUPPORT FOR PRIVATE SECTOR DEVELOPMENT AND COOK ISLANDS ENTREPRENEURS

A Investment Incentives 189
B Cook Islands Development Bank 192
- Sectoral Distribution of Loans 200
- Size Distribution of Loans 202
- Geographic and other Distribution Criteria 202
- Repayment Status of Loans 205
- Management and Organisational Structure 208
- Relationship with the Government 209
- Lending Policies 210
- Advisory services 213
- Other Domestic Financial Services 214

PART III

CHAPTER 8  FIJI: POLITICAL AND ECONOMIC DEVELOPMENT

A Introduction and Background 218
C History and Political development 223
D The Economy 239
CHAPTER 9  DEVELOPMENT OF THE FIJI TOURISM INDUSTRY

A  Tourism Development and the Role of Government  249
B  Tourism Development Plans and Strategies  259
C  Visitor Arrivals and Marketing  266
D  Accommodation Industry  273
E  Air Service  275
F  Tourism Employment  282
G  Education and Training  283

CHAPTER 10  FIJIAN ENTREPRENEURS

A  Fiji's Business Environment  289
B  Indigenous Fijian Entrepreneurs  299
C  Indigenous Fijian Entrepreneurs in the Tourism Sector  306

CHAPTER 11  GOVERNMENTAL POLICIES SUPPORTING FIJIAN ENTREPRENEURS

A  National Planning Objectives and Strategies  314
B  Fiji Development Bank  317
  -  Financial Performance and Funding  319
  -  Commercial Loans to Fijian Scheme  322
  -  Joint Venture Loans Scheme  325
  -  Tourism  327
  -  Management Advisory Services  327
  -  Business Opportunity and Management Advisory Services (BOMAS)  331
  -  Other Support for Fijian Entrepreneurs  332
C  Native Land Trust Board  334

PART IV

CHAPTER 12  DISCUSSION AND COMPARATIVE ANALYSIS OF INDIGENOUS ENTREPRENEURSHIP AND TOURISM DEVELOPMENT IN THE COOK ISLANDS AND FIJI

A  Economic Factors  344
B  Social Factors  360
C  Cultural Factors  362
D  Political Factors  363

CHAPTER 13  EVALUATION OF GOVERNMENT POLICIES AND RECOMMENDATIONS

A  Development of Tourism  372
  -  Economic Factors  372
  -  Social Factors  375
  -  Cultural Factors  375
  -  Political Factors  376
B Development of Indigenous Entrepreneurs
  - Government coordination for Indigenous Business 376
  - Provision of Finance and Credit Facilities 378
  - Provisions of Training and Education 381
  - Promotion of Indigenous Women Entrepreneurs 382
  - Fiji Recommendations 384
  - Cook Islands Recommendations 386

BIBLIOGRAPHY OF WORKS CITED AND MAJOR WORK CONSULTED 389-401

APPENDICES:

Appendix I Countries and Territories of the Pacific Islands Region 402
Appendix II Cook Islands: List of Persons Interviewed 403
Appendix III Fiji: List of Persons Interviewed 404
Appendix IV Guideline for Interviews 405
### LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 World Travel Trends</td>
<td>2</td>
</tr>
<tr>
<td>1.2 Growth of Travel to Asia and the Pacific</td>
<td>3</td>
</tr>
<tr>
<td>1.3 Tourist Arrivals to Pacific Islands countries</td>
<td>6</td>
</tr>
<tr>
<td>2.1 Tourist Accommodation Capacity in the South Pacific 1987, (TCSP Countries)</td>
<td>39</td>
</tr>
<tr>
<td>2.2 Types of Aircraft Being Operated in the South Pacific</td>
<td>46</td>
</tr>
<tr>
<td>4.1 Cook Islands: Numerical and Percentage Distribution of the Resident Population by Age for Census Periods 1971 to 1986</td>
<td>109</td>
</tr>
<tr>
<td>4.2 Cook Islands: Composition for Employment by Major Industries</td>
<td>109</td>
</tr>
<tr>
<td>4.3 Cook Islands: Employment Status of the Labour Force</td>
<td>109</td>
</tr>
<tr>
<td>4.4 Cook Islands Development Budget (NZ$'000)</td>
<td>110</td>
</tr>
<tr>
<td>4.5 Cook Islands Government Funds Statement: Statement of the Estimated Source and Application of Funds for the Year Ending 31 March 1989/90</td>
<td>117</td>
</tr>
<tr>
<td>4.6 Cook Islands Projects Receiving New Zealand Development Assistance 1989/90</td>
<td>118</td>
</tr>
<tr>
<td>4.7 Cook Islands Government: Aid Contributions by Agency (NZ$'000)</td>
<td>119</td>
</tr>
<tr>
<td>4.8 Cook Islands: Foreign Aid as a Proportion of GDP</td>
<td>120</td>
</tr>
<tr>
<td>4.9 Tourist Arrivals and Tourist Accommodation in the Cook Islands 1976-1987</td>
<td>124</td>
</tr>
<tr>
<td>4.10 Cook Islands: Projected Visitor Arrivals Tourist Receipts</td>
<td>124</td>
</tr>
<tr>
<td>4.11 Cook Islands: Money Order Transactions (NZ$'000) Indicating Overseas Remittances</td>
<td>127</td>
</tr>
<tr>
<td>4.12 Cook Islands: Foreign Trade Deficit DP Period (NZ$'000)</td>
<td>129</td>
</tr>
<tr>
<td>4.13 Cook Islands: Tax Revenues 1978-1983</td>
<td>130</td>
</tr>
<tr>
<td>4.14 Cook Islands: Customs Revenues 1978-1986</td>
<td>131</td>
</tr>
<tr>
<td>4.17 Cook Islands: Financing of the Economy Current Prices (NZ$'000)</td>
<td>134</td>
</tr>
<tr>
<td>5.1 Cook Islands Tourist Authority: Summary of Estimates</td>
<td>140</td>
</tr>
<tr>
<td>5.2 Cook Islands Development Budget (NZ$'000)</td>
<td>141</td>
</tr>
<tr>
<td>5.3 Cook Islands: Distribution of Development Budget</td>
<td>142</td>
</tr>
<tr>
<td>5.4 Tourist Arrivals and Tourist Accommodation in the Cook Islands 1976-1987</td>
<td>146</td>
</tr>
<tr>
<td>5.5 Cook Islands: Projected Visitor Arrivals, Tourist Receipts</td>
<td>146</td>
</tr>
<tr>
<td>5.6 Flights (Air Service) to Rarotonga International Airport 1978-1988</td>
<td>155</td>
</tr>
<tr>
<td>5.7 Cook Islands: Rooms and Occupancy Rates 1983-1987</td>
<td>157</td>
</tr>
<tr>
<td>5.8 Cook Islands Accommodation Terminology</td>
<td>158</td>
</tr>
</tbody>
</table>
6.1 Indigenous Entrepreneurship in Cook Islands: Rarotonga Survey Sample by Industry 171
6.2 Sources of Finance for Establishing and Purchasing Businesses in the Cook Islands 172
6.3 Ownership of Tourist Accommodation Cook Islands 1988 178
6.4 Ownership of Tourism Facilities (other than Accommodation) Cook Islands 1988 179
6.5 Budget for Womens Development Centre Ministry of Internal Affairs Cook Islands Government 183
6.6 Handicraft Sales and Purchased Womens Development Centre Cook Islands 184
7.1 Cook Islands Monetary Board Estimate for 1990 193
7.2 Cook Islands Development Bank: Funding Requirements and Possible Funding Sources 1988-1990 198
7.3 Cook Islands Development Bank: Sources of Funds 1980/81-1987/88 199
7.4 Cook Islands Development Bank: Non-Housing Loan Approvals by Industry Group/Type 201
7.5 Cook Islands Development Bank: Loan approvals 1981/82-1987/88 203
7.6 Cook Islands Development Bank: Comparison of Amount of Loans by Location 204
7.7 Cook Islands Development Bank (Interest Rates charged 1988) 206
8.1 Fiji: Population Growth, 1936-86 (per cent) 221
8.2 The Population of Fiji, 1946-86 221
8.3 Fiji's Population by Ethnic Origin, 1986 222
8.4 Fiji: Geographic Distribution of Population 1976-1986 222
8.5 Fiji: Economically Active Population by Employment Status, 1986 (per cent) 224
8.6 Fiji: Paid Employment by Ethnic Origin, 1986 224
8.7 Fiji: Paid Employment by Industry, 1976-86 225
8.8 Structure of Fijian Administration, 1874 to 1967 232
8.9 Gold Production in Fiji, 1982-1986 243
9.1 Estimated Gross Tourism Receipts with Average Visitors Daily Expenditure 256
9.2 Fiji: Total Overseas Visitor Arrivals 268
9.3 Overseas Visitor to Fiji by Length of Visit 271
9.4 Overseas Visitor-Days Sent in Fiji and Average Daily Presence 272
9.5 Location of Fiji Tourism Accommodation, 1988 273
9.6 Air Pacific Shareholders (as of March 1988) 276
9.7 Air Pacific International Routes and Frequencies 1988 279
9.8 Fiji: Potential for Labour Absorption in Tourism During DP9 284
9.9 Fiji: Manpower Requirements for the Tourism Industry, 1985-1990 284
10.1 Estimated Population of Fiji by Ethnic Origin: mid 1983 292
10.2 Fiji: Distribution of Employment by Sector: 1980-82 292
10.3 Fiji: Wage and Salary Earners in the Private Sector by Ethnic Origin, 1981 294
10.4 Fiji: distribution of Wage Earners by Type of Organization and Ethnic Origin in 1982

11.1 Fiji Development Bank: The Financial Performance for 1986/87 and 1987/88 Financial Years ($000's)

11.2 Fiji Development Bank: the Total Number and Value of All Commercial Loan Approvals for the 1983/84 to 1987/88 Financial Years ($000's)

11.3 Fiji Development Bank: The Number and Value of Loan Approvals Under the Industrial Division for the 1985/86 to 1987/88 Financial Years ($000's)

11.4 The Number and Value of Industrial & Commercial Loan Approvals under joint Venture Loans Scheme for the 1985/86 to 1987/88 Financial Years ($000's)

11.5 The Number and Value of Loan Approvals under the Industrial Division for the 1985/86 to 1987/88 Financial Years ($000's)

13.1 Finance for Indigenous Business Main Sources of Start-up Finance for Selected Countries (%)
List of Figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Seat Availability between Australia and the South Pacific in each direction, 1988</td>
<td>42</td>
</tr>
<tr>
<td>2.2</td>
<td>Seat Availability between New Zealand and the South Pacific in each direction, 1988</td>
<td>42</td>
</tr>
<tr>
<td>2.3</td>
<td>Seat Availability between Japan and the South Pacific in each direction, 1988</td>
<td>43</td>
</tr>
<tr>
<td>2.4</td>
<td>Seat Availability between North America and the South Pacific in each direction, 1988</td>
<td>43</td>
</tr>
<tr>
<td>2.5</td>
<td>Seat Availability in the South Pacific, 1988</td>
<td>44</td>
</tr>
<tr>
<td>4.1</td>
<td>Cook Islands Building Industry, 1983 to 1988</td>
<td>132</td>
</tr>
<tr>
<td>5.1</td>
<td>Total Visitor Arrivals 1983-1987</td>
<td>148</td>
</tr>
<tr>
<td>7.1</td>
<td>Cook Islands Development Bank, Organisation Structure (at 31 December 1988)</td>
<td>194</td>
</tr>
<tr>
<td>8.1</td>
<td>Fiji: Employment</td>
<td>226</td>
</tr>
<tr>
<td>8.2</td>
<td>Fiji: Sugar Production</td>
<td>244</td>
</tr>
<tr>
<td>8.3</td>
<td>Fiji: Timber Production</td>
<td>246</td>
</tr>
<tr>
<td>8.4</td>
<td>Fiji: Fish Production (Commercial)</td>
<td>247</td>
</tr>
<tr>
<td>11.1</td>
<td>Fiji Development Bank, The Value of Industrial and Commercial Loans Outstanding as at 30 June 1988</td>
<td>329</td>
</tr>
<tr>
<td>11.2</td>
<td>Fiji Development Bank, Commercial Loans to Fijians Scheme</td>
<td>329</td>
</tr>
<tr>
<td>11.3</td>
<td>Fiji Development Bank, Industrial Division</td>
<td>330</td>
</tr>
<tr>
<td>11.4</td>
<td>Fiji Development Bank, Joint Venture Loans Scheme</td>
<td>330</td>
</tr>
<tr>
<td>12.1</td>
<td>A Model for Tourism and Indigenous Entrepreneurship Development for Small Island States</td>
<td>343</td>
</tr>
<tr>
<td>Map</td>
<td>Title</td>
<td>Page</td>
</tr>
<tr>
<td>------</td>
<td>--------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Map 1</td>
<td>The Pacific Islands</td>
<td>XVIII</td>
</tr>
<tr>
<td>Map 2</td>
<td>The Cook Islands</td>
<td>105</td>
</tr>
<tr>
<td>Map 3</td>
<td>Fiji</td>
<td>217</td>
</tr>
</tbody>
</table>
Abbreviations

ACP    African, Carribbean and Pacific
ADB    Asian Development Bank
ECU    European Currency Unit
EDIT   Executive Development Institute for Tourism
EEC    European Economic Community
EIE    Electronic and Industrial Enterprises
CIDB   Cook Islands Development Bank
CITA   Cook Islands Tourist Authority
CLFS   Commercial Loans to Fijians Scheme
EDB    Economic Development Board
FAB    Fijian Affairs Board
FDB    Fiji Development Bank
FHA    Fiji Hotel Association
FNTC   Fiji National Training Council
FTIB   Fiji Trade and Industry Board
FVB    Fiji Visitors Bureau
HCIB   Hotel and Catering Industry Board (Fiji)
HPC    Hawaii Pacific College
IBRD   International Bank for Reconstruction and Development
ILO    International Labour Organisation
JVLS   Joint Venture Loans Scheme
NLTB   Native Land Trust Board
PATA   Pacific and Asia Travel Association
PBDC   Pacific Basin Development Council
PIDP   Pacific Islands Development Programme
PIM    Pacific Islands Monthly (Magazine)
POSB   Post Office Savings Bank
PRTDP  Pacific Regional Tourism Development Programme
SPC    South Pacific Commission
STA    Secondary Tourism Activities
TCSP   Tourism Council of the South Pacific
TIM    School of Travel Industry Management, Hawaii
THC    Tourist Hotel Corporation
UNDP   United Nations Development Programme
WTO    World Travel Organisation
## Glossary

### Cook Islands:
- **Ariki**: High Chief
- **Mataiapo**: Chief of major lineage
- **Rangatira**: Chief of minor lineage

### Fiji:
- **Kere kere**: personal "loans" or favours
- **Bose Levu Vakaturaga**: Great Council of Chiefs
- **Tokatoka**: subclan made up of related families
- **Tui Viti**: King of Fiji
- **Mataqali**: extended family
- **Vanua**: Confederation
- **Yavusa**: Tribe

### Western Samoa:
- **Matai**: High Chief
I dedicate this work to Te-Upoko-Rere-Atua-Ki-Iva Ingram and Telva Ruby Jacques Pryor, and to my sons Teanaroa and Kamaki Worthington.

It would be difficult to name all the people who encouraged me to embark on this ambitious project and who helped me in so many ways over the years. However, several people deserve special mention. My father, Jim Ingram, Keith Ezzy Abrams, Dr. Robert and Carrolee Desowitz of the University of Hawaii, Tap Pryor, Susan O'Connor, and Rick and Sandie Ellis all played key roles in this venture and helped make it possible for me to become part of Cook Islands history. My gratitude to them is limitless.

I am grateful to my supervisors Professor Ralph Ngatāta Love, Professor Anthony Vitalis, and Professor Rae Weston of the Faculty of Business Studies, Massey University for their encouragement, guidance and patience.

I also wish to thank Kim Roberts of the School of Business Studies, for the long hours she committed to typing the final draft of this thesis. My thanks also goes to Christine Robins for her valuable assistance.
TE MANAKO

Kua akakite mai te tupuna
E ara, arataki i te iti tangata
E ora, e kimi i te kite e te tika
Kia manuia te enua
Kia manuia te iti tangata
Kia toa te vainetini, e kia maroiroi

Palmerston North, 1990